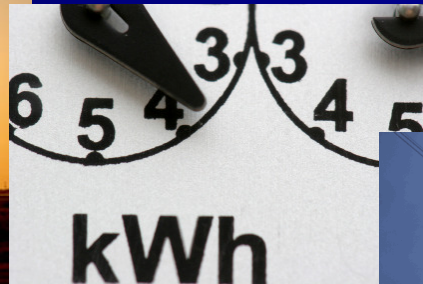


# OUCC TDSIC Comments IURC Technical Conference December 2, 2015

**Indiana Office of Utility Consumer Counselor**  
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# Summary

- Where we are now
- Seven-year plans
- Plan updates
- Cost recovery



# Where we are now

- No plan has been approved since the Indiana Court of Appeals opinion issued on April 8, 2015.
- The OUCC views the COA's April opinion as its compass in addressing the TDSIC statute's requirements.
- The practicing bar has IURC guidance as given in the I&M and Duke Energy orders.



# Seven-Year Plans

## Relationship with Base Rates

- 7-year plans and resultant trackers are not to be viewed as a panacea for every capital need a utility may confront between rate cases.
- The utility's next base rate case is the "safety net" to recover capital expenditures.
- Current base rates include a component for operation & maintenance (O & M) costs that can be utilized to address unanticipated needs. The utility's O & M component also proactively maintains the reliable operation of its plant.



# Seven-Year Plans

## Eligible Projects

- To qualify as TDSIC-eligible, the projects must be “infrastructure improvements necessary to transmit electricity from generation to the customer.” (IURC Orders, Cause Nos. 44526, 44542)
- In the OUCC’s view, the same standard applies to the transportation of natural gas to the customer (or the storage of natural gas for the customer’s benefit).



# Seven-Year Plans

## “Projects” vs. “Programs”

- “Programs” are not mentioned in the statute.
- In the OUCC’s view, some programs may qualify for TDSIC recovery provided they comply with the statute’s requirements.
  - Requirements include limiting such cost recovery to solely those improvements that are described in the plan, and the statutory cap on aggregate increases.



# Seven-Year Plans

## Project Detail

- The April 8, 2015 Court of Appeals Order requires the same level of supporting detail for all projects in the 7-year plan.
- While the project detail must be equal throughout each plan year, the OUCC expects the accuracy level of the projects to increase as the installation year approaches.



# Seven Year Plans

## Risk Modeling

- In the OUCC's view, ratepayers benefit the most when projects at greater risk are given higher priority for replacement.
- Because of the statute's expedited timeframes, the OUCC views this information as an essential element of the utility's case-in-chief in the submission of its 7-year plan.





# Seven-Year Plans

## Economic Development

- The OUCC supports economic development and views this aspect of the statute as follows:
  - TDSIC funds designated for economic development are not to be used for any other purpose.
  - If economic development funds are unused during any given plan year, those funds may roll forward for such purposes in a future plan year.
  - If a portion of these funds remains unused at the end of the 7-year period, then that amount may not be collected from ratepayers.



# Plan Updates Flexibility

- The April 8, 2015 Court of Appeals order allows the utility to be flexible when updating its original plan. But in the OUCC's view:
  - This flexibility does not encompass the addition of projects through TDSIC tracker filings that were not in the original approved 7-Year Plan.
  - The utility can re-prioritize projects and adjust asset installation years in TDSIC tracker filings, if clearly documented.
  - Project cost escalation may be appropriate if the details are justified in the utility's TDSIC tracker case-in-chief.
  - A TDSIC tracker under IC 8-1-39 is not a "T & D" tracker.



# Plan Updates

## Emergent Work

- Placing dollars into broad emergency or “emergent” work categories does not meet the requirements of either:
  - The statute as addressed by the Court of Appeals in its April 8, 2015 decision or
  - The IURC’s May 8, 2015 order regarding I&M’s 7-year plan.



# Cost Recovery

- The Court of Appeals, in its April 8, 2015 opinion, clarified that the Commission has the authority to deal with ratepayer concerns over “double recovery” of both new plant (through the TDSIC) and retired plant (through base rates) at the same time.
- In the OUCC’s view, allowing such a double recovery for up to seven years between rate cases will not alleviate the lack of netting any of these replaced assets now. Such a ratemaking methodology does not produce “just and reasonable” rates.



# Contact Information

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